

## PROCESS FOR REVIEW OF EXEMPTION APPLICATIONS

STEP 1: *Check* application for **completeness**.

STEP 2: *Verify* application information for **accuracy**.

STEP 3: *Check* the application for any **procedural defects** (such as timeliness.)

STEP 4: *Request* evidence of **ownership** (preferably a copy of deed.)

STEP 5: *Determine* the precise **statutory provision(s)** under which the application is based (See complete list of statutory exemptions available).

STEP 6: *Determine* whether the **exempt purpose(s) claimed** is: religious, educational, or charitable; a combination; or is authorized under the authority of a specific statute other than IC 6-1.1-10-16. You may ask for financial information, evidence of tax-exempt status, or other documentation to assist in determining whether there is an exempt purpose.

STEP 7: *Identify* the precise **exempt purpose(s) provided** by the applicant.

STEP 8: *Identify* the **precise use(s)** of ALL portions of the property—who uses it, when they use it, and in exactly what way their use furthers the exempt purpose. You may ask for calendars, diaries or other documentation showing how and when each portion of the property is used.

STEP 9: *Ask* for any **leases, licenses, or other documents** that the owner has given that authorizes other entities to use any portion of property.

STEP 10: *Determine* all **arrangements and relationships** between the applicant, owner, and/or occupants—legal or otherwise.

STEP 11: *Study* each use to determine if it is “**substantially related**” to the exempt purpose; request from the applicant as much information as is necessary to make these determinations.

STEP 12: *Ask* about any use of the property that is not clearly related to the exempt purpose, and ask for all **available records** to demonstrate the relationship

STEP 13: *Evaluate* the nature of any **activities** that occur on the property that may be operated independently or segregated from the operations of the entity seeking the exemption.

STEP 14: *Consider* asking the applicant or property occupant to certify or attest, via an **affidavit**, to any facts or circumstances that are important to the evaluation of the application, particularly matters on which the determination may hinge that can not be otherwise verified.

STEP 15: *Evaluate* whether the property as a whole is “**predominantly**” **used** for the exempt purpose as required under IC 6-1.1-10-36.3; whether it is used or occupied for one or more purposes during more than 50% of the time that it is used or occupied in the year that ends on the assessment date.

STEP 15 A: *Require*, if necessary, a **diagram of the property**, and have applicant provide a log of how each portion of the property is used—giving detail on how much is used for what purpose, and for what percentage of the time over the course of a year.

STEP 15 B: *Develop* ‘**use**’ **calculations** to determine if it is demonstrated that the property, as a whole, is used for an exempt purpose more than 50% of the time; if not, the property does not qualify under IC 6-1.1-10-36.3 (apply your best judgment in a reasonable manner to this evaluation; it will not always be easy.)

STEP 15 C: *Apply* the ‘**use**’ **calculations**; if they show that the property is used for a charitable purpose more than 50% of the time, but less than 100% of the time, an exemption percentage should be applied [Note: This STEP does not apply to property used for religious or educational purposes, only “charitable”; religious or educational property need only surpass the 50% mark to receive a 100% exemption. Also, minimal use of a property for non-charitable purposes – say less than 5% – need not lessen an exemption from 100%.]

STEP 16: *Consider* what existing **case law** is most relevant or factually similar to the subject property (DLGF will shortly furnish a summary of exemption caselaw).

STEP 17: *Distinguish* **this property** from similar case law if factually different in a meaningful way.

STEP 18: *Invite* the applicant to give full **explanations** of how the property at issue is similar to entities/properties that have been found to be exempt in the past, or unlike entities/properties that have been found not to qualify for exemption.

STEP 19: *Establish* proper **exempt status for subject property** based on all facts, information, statutes and case law.